

UNITED AIRLINES, INC.
Form FWP
March 24, 2014

2014-1 EETC
Investor Presentation
United Airlines, Inc.
March 24, 2014
Issuer Free Writing Prospectus
Filed pursuant to Rule 433(d)
Registration No. 333-181014-01
March 24, 2014

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The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter, or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Morgan Stanley toll-free at 1-866-718-1649 or Credit Suisse toll-free at 1-800-221-1037.

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United Airlines 2014-1 EETC

United Airlines, Inc. (United) intends to raise \$949,459,000 of Pass Through Certificates, Series 2014-1 in two classes:

Class A of \$736,647,000

Class B of \$212,812,000

The proceeds from the offering will be used by United to finance 25 aircraft:

13 new Boeing 737-924ER aircraft scheduled for delivery between June 2014 and March 2015
(1)

2 new Boeing 787-8 aircraft scheduled for delivery between May and October 2014

1 new Boeing 787-9 aircraft scheduled for delivery between September 2014 and March 2015
(2)

9 new Embraer ERJ 175 LR aircraft scheduled for delivery between March 2014 and March 2015
(3)

Lead Bookrunners: Morgan Stanley, Credit Suisse

Bookrunners: Deutsche Bank Securities, Citigroup Global Markets, Barclays, Goldman Sachs & Co., Credit Agricole Securities

Liquidity Facility Provider: Credit Agricole Corporate and Investment Bank, acting via its New York branch

Notes:

1.

United will have the right to select 13 out of 22 eligible Boeing 737-924ER aircraft scheduled for delivery between June 2014 part of the collateral pool for this transaction.

2.

United will have the right to select 1 out of 4 eligible Boeing 787-9 aircraft scheduled for delivery between September 2014 and part of the collateral pool for this transaction.

3.

United will have the right to select 9 out of 21 eligible Embraer ERJ 175 LR aircraft scheduled for delivery between March 2014 and part of the collateral pool for this transaction.

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UAL 2014-1 EETC Structural Summary

Face Amount

Expected Ratings (S&P / Fitch)

Initial LTV

(1)

Interest Rate

Initial Average Life (in years)

Regular Distribution Dates

Expected Principal Distribution Window (in years)

Final Expected Distribution Date

Final Maturity Date

Section 1110 Protection

Liquidity Facility

Depository

Class A

Class B

\$736,647,000

\$212,812,000

A-

/ A

BB+ / BB+

55.1%

71.0%

Fixed, semi-annual, 30/360 day count

8.8

5.9

April 11 & October 11

1.5

12.0

1.5

8.0

April 11, 2026

April 11, 2022

October 11, 2027

October 11, 2023

Yes

Yes

3 semi-annual

3 semi-annual

interest payments

interest payments

Funds raised will be held in escrow with the Depository and withdrawn from time to time to purchase Equipment Notes as the aircraft are financed

Notes:

1. Initial LTV is calculated as of April 11, 2015, the first Regular Distribution Date after all aircraft are expected to have been to this offering.

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Key Structural Elements

Classes Offered:

Two tranches of amortizing debt offered, both of which will benefit from a liquidity facility covering three semi-annual interest payments

Waterfall:

Interest on the Preferred Pool Balance on the Class B Certificates is paid ahead of Class A Certificates principal (same as UAL 2013-1)

Buy-Out Rights: Class B Certificate holders have the right to purchase all (but not less than all) of then outstanding Class A Certificates at par plus accrued and unpaid interest upon certain events during a United bankruptcy

Cross-Default:

Yes, from day one

Cross-Collateralization:

Yes, from day one

Collateral: Strategically core aircraft types to United's fleet operations, all of which are expected to be delivered new in 2014 or 2015. United expects to finance 13 of 22 eligible Boeing 737-924ER aircraft, 2 Boeing 787-8 aircraft, 1

of 4 eligible Boeing 787-9 aircraft and 9 of 21 eligible Embraer ERJ 175 LR aircraft with the proceeds of this transaction

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Collateral Summary
Aircraft
Aircraft
Fuselage
Manufacturer's
Registration
Engine
Delivery
Aircraft
No.
Type
Type
Serial Number
Number
Type
MTOW
Date
Age
AISI
BK
mba

LMM

(1)

1

Boeing 737-924ER

Narrow

44581

N67827

CFM56-7B27

187,700

June-14

New

\$55,250,000

\$53,350,000

\$52,340,000

\$53,350,000

2

Boeing 737-924ER

Narrow

44580

N66828

CFM56-7B27

187,700

June-14

New

55,250,000

53,350,000

52,340,000

53,350,000

3

Boeing 737-924ER

Narrow

44561

N69829

CFM56-7B27

187,700

June-14

New

55,250,000

53,350,000

52,340,000

53,350,000

4

Boeing 737-924ER

Narrow

44560

N69830

CFM56-7B27

187,700

July-14

New

55,350,000

53,350,000

52,390,000

53,350,000

5

Boeing 737-924ER

Narrow

44562

N66831

CFM56-7B27

187,700

August-14

New

55,440,000

53,350,000

52,430,000

53,350,000

6

Boeing 737-924ER

Narrow

44563

N65832

CFM56-7B27

187,700

August-14

New

55,440,000

53,350,000

52,430,000

53,350,000

7

Boeing 737-924ER

Narrow

44564

N69833

CFM56-7B27

187,700

September-14

New

55,530,000

53,350,000

52,470,000

53,350,000

8

Boeing 737-924ER

Narrow

44565

N68834

CFM56-7B27

187,700

September-14

New

55,530,000

53,350,000

52,470,000

53,350,000

9

Boeing 737-924ER

Narrow

60087

N69835

CFM56-7B27

187,700

October-14

New

55,620,000

53,700,000

52,510,000

53,700,000

10

Boeing 737-924ER

Narrow

60088

N68836

CFM56-7B27

187,700

October-14

New

55,620,000

53,700,000

52,510,000

53,700,000

11

Boeing 737-924ER

Narrow

60121

N66837

CFM56-7B27

187,700

November-14

New

55,710,000

53,700,000

52,560,000

53,700,000

12

Boeing 737-924ER

Narrow

60122

N69838

CFM56-7B27

187,700

November-14

New

55,710,000

53,700,000

52,560,000

53,700,000

13

Boeing 737-924ER

Narrow

60316

N69839

CFM56-7B27

187,700

December-14

New

55,800,000

53,700,000

52,600,000

53,700,000

14

Boeing 787-8

Wide

34828

N49911

GENx-1B70

502,500

May-14

New

132,880,000

134,300,000

117,890,000

128,356,667

15

Boeing 787-8

Wide

35879

N28912

GENx-1B70

502,500

October-14

New

133,990,000

135,850,000

118,390,000

129,410,000

16

Boeing 787-9

Wide

36402
N19951
GEnx-1B74/75
553,000
September-14
New
157,670,000
149,400,000
133,180,000
146,750,000
17
Embraer ERJ 175 LR
Regional
TBD
N88301
CF34-8E5
85,517
March-14
New
31,210,000
27,500,000
29,290,000
29,290,000
18
Embraer ERJ 175 LR
Regional
TBD
N87302
CF34-8E5
85,517
April-14
New
31,260,000
27,600,000
29,310,000
29,310,000
19
Embraer ERJ 175 LR
Regional
TBD
N87303
CF34-8E5
85,517
April-14
New
31,260,000
27,600,000
29,310,000
29,310,000
20

Embraer ERJ 175 LR
Regional
TBD
N89304
CF34-8E5
85,517
June-14
New
31,370,000
27,600,000
29,360,000
29,360,000
21

Embraer ERJ 175 LR
Regional
TBD
N93305
CF34-8E5
85,517
July-14
New
31,420,000
27,700,000
29,390,000
29,390,000
22

Embraer ERJ 175 LR
Regional
TBD
N87306
CF34-8E5
85,517
July-14
New
31,420,000
27,700,000
29,390,000
29,390,000
23

Embraer ERJ 175 LR
Regional
TBD
N84307
CF34-8E5
85,517
August-14
New
31,470,000
27,700,000
29,410,000

29,410,000
 24
 Embraer ERJ 175 LR
 Regional
 TBD
 N89308
 CF34-8E5
 85,517
 September-14
 New
 31,520,000
 27,700,000
 29,430,000
 29,430,000
 25

Embraer ERJ 175 LR
 Regional
 TBD
 N86309
 CF34-8E5
 85,517
 October-14
 New
 31,570,000
 27,800,000
 29,460,000
 29,460,000

Target aircraft total:
 \$1,428,540,000
 \$1,363,750,000
 \$1,315,760,000
 \$1,364,166,667

New Base Values

Notes:

1.
 Appraised value is the lesser of the average and median base value of each aircraft as appraised by Aircraft Information Service Associates, Inc. (BK) and Morten Beyer & Agnew, Inc. (mba). An appraisal is only an estimate of value and should not be a measure of realizable value.
2.
 Assumes that United elects to finance the aircraft with the earliest scheduled delivery dates from among the total aircraft of each type financed with the proceeds of the Certificates.
3.
 Appraised value as of March 2014. The aggregate appraised value as of April 11, 2015, after all such aircraft are expected to be sold pursuant to this offering, is \$1,338 million (using an assumed depreciation rate of 3% of the initial appraised value per year after the sale of each Aircraft).

(2)

(3)

7

Collateral Pool

The collateral pool benefits from diversification of three strategically core aircraft types

51% Narrowbody / 30% Widebody / 19% Regional Jet

100% New

UAL 2014-1 Collateral Mix

Distribution of LMM Appraised Value

(1)

Vintage: 0%

New: 100%

Total: \$1,364MM

(1)

737-924ER

\$695MM

51%

787-8

\$258MM

19%

787-9

\$147MM

11%

ERJ 175 LR

\$264MM

19%

Notes:

1.

Total Aircraft Value as of March 2014 using the lower of the mean and median of three Base Value appraisals for the aircraft. finances the first 13 out of 22 Boeing 737-924ER aircraft, the two Boeing 787-8 aircraft, the first of 4 Boeing 787-9 aircraft and Embraer ERJ 175 LR aircraft, scheduled for delivery from which United may select.

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Aircraft Appraisals

United has obtained Base Value Desktop Appraisals from three appraisers (AISI, BK and mba)

Aggregate
aircraft
appraised
value
of
approximately
\$1,364
million
(1)

Appraisals available in the Preliminary Prospectus Supplement

Appraisals indicate an initial collateral cushion of 44.9% and 29.0% on the Class A and B respectively

(2)

, which increases over time as the debt amortizes

Notes:

1.

Total Aircraft Value as of March 2014 using the lower of the mean and median of three Base Value appraisals for the aircraft. United finances the first 13 out of 22 Boeing 737-924ER aircraft, the two Boeing 787-8 aircraft, the first out of 4 Boeing 787-9 aircraft, and the first Embraer ERJ 175 LR aircraft, scheduled for delivery from which United may select. The aggregate appraised value as of April 2015 of the aircraft expected to have been financed pursuant to this offering, is \$1,338 million (using an assumed depreciation rate of 3% per year after the year of delivery of each Aircraft).

2.

Initial collateral cushion is calculated as of April 11, 2015, the first Regular Distribution Date after all aircraft are expected to be delivered.

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Collateral Overview
Boeing 737-900ER

Overview:

The
737-900ER
is

the largest variant of world's all-time best selling 737NG
family of narrowbody commercial aircraft

167 passengers in United's standard two-
class configuration (20 first / 147 premium and regular economy)

1. Sources: United Airlines, Ascend Market Commentaries Q1 2014, Morten Beyer & Agnew, and Boeing.

Strengths

(1)

:

US transcontinental range for the 900ER is better than the current A321 (without
auxiliary fuel tanks)

Lowest fuel consumption per seat/seat-mile cost of any twin-engine narrowbody
(<200 seats)

526 cumulative orders with 17 customers

United and Delta both placed orders in 2011 and 2012 to replace 757s, marking a key win for the aircraft type

Ease of remarketing to secondary operators due to sole source engine and commonality with other 737NG variants

Importance to United:

United (and others) view the 737-900ER as a good replacement for the aging 757-200

Covers 96% of current 757-200 routes at significantly lower trip cost (albeit with approximately 10 fewer seats)

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Boeing 737-900ER Market

17 Customers for 526 Cumulative Orders

(1)

1. Sources: The Boeing Company; orders (including deliveries) are through January 2014.

(45)

(15)

(139)

(5)

(6)

(167)

(10)

(4)

(4)

(6)

(8)

(11)

(100)

(6)

11

Collateral Overview

Boeing 787-8

1. Sources: United Airlines, Ascend Market Commentaries Q1 2014, Morten Beyer & Agnew, and Boeing.

Strengths

(1)

:

495 cumulative orders with 46 customers, including lessors across all world regions

Composite fuselage is expected to reduce costs over span of aircraft's useful life

Improvements to the aircraft include: carbon composite fuselage and wings, health monitoring systems that allow the aircraft to self-monitor and new fuel efficient engines

Next generation performance and economics should drive aircraft replacement of many existing 767s, A330-200s and A340s

Importance to United:

787-8 enables United to serve city pairs previously not accessible with 767 aircraft, e.g. Denver Tokyo-Narita

Anticipated superior economic performance including up to 20% lower fuel consumption than other equivalent sized aircraft, up to 15-25% lower operating costs and up to 30% lower airframe maintenance costs

Overview:

New
generation
long
range
aircraft
with
size
similar
to
current
767-300ERs
in
fleet

219
passengers
in
United's
standard
two class
configuration
(36
business
/
183 premium
and
regular
economy)

12
Boeing 787-8 Market
46 Customers for 495 Cumulative Orders
(1)
1.
Sources:
The
Boeing
Company;
orders
(including
deliveries)
are
through
January
2014.
(36)
(33)
(30)
(27)
(25)
(22)
(22)
(19)
(18)
(16)
(15)

- (15)
- (15)
- (15)
- (14)
- (12)
- (10)
- (10)
- (10)
- (10)
- (10)
- (9)
- (8)
- (8)
- (8)
- (78)

13
Collateral Overview
Boeing 787-9

Overview:

New generation long range aircraft with size similar to current 777-200ERs in fleet

252 passengers in United's standard two-class configuration (48 business / 204 premium and regular economy)

1. Sources

: United Airlines, Ascend Market Commentaries Q1 2014, Morten Beyer & Agnew, and Boeing.

Strengths

(1)

:

First delivery anticipated to be mid-2014 to Air New Zealand

Approximately

20

feet

longer

and

a

50,000lb

higher

MTOW

than

the

787-8

allows

the

787-9 to hold 280 passengers in an alternative 3-class configuration

Composite fuselage is expected to reduce costs over span of aircraft's useful life

Improvements to the aircraft include: carbon composite fuselage and wings, health monitoring systems that allow the aircraft to self-monitor and new fuel efficient engines

Importance to United:

Larger payload/passenger count compared to the 787-8 (252 passengers)

Fills gap between 787-8 and 777-200ER
cumulative orders with 26 customers

Strong

order

book

expresses

operator

enthusiasm,

currently

there

are

404

14

Boeing 787-9 Market

26 Customers for 404 Cumulative Orders

(1)

1. Sources: The Boeing Company; orders are through January 2014.

(3)

(41)

(41)

(30)

(30)

(26)

(25)

(22)

(22)

(20)

(16)

(15)

(15)

(13)

(10)

(10)

(10)

(10)

(8)

(8)

(7)

(6)

- (5)
- (5)
- (4)
- (2)

15
Collateral Overview
ERJ 175 LR
1. Sources: United Airlines, Ascend Market Commentaries Q1 2014, Morten Beyer & Agnew, and Embraer.

Strengths

(1)

:

Combines improved operating economics with larger cabin for increased passenger comfort

Superior to direct rival, the CRJ-700/900

Current fleet of 187 aircraft delivered and a backlog of 188 aircraft, making a firm order total of 375 aircraft

There are relatively few in storage (4 aircraft) and availability for sale or lease is limited

Larger cabin as compared to the CRJ 700/900

Long
term,

the
ERJ
175
LR
is
expected
to
have
superior
seat
mile
costs
to
the
ERJ
170 and better residual values

Importance to United:

Will be used to replace 50-seat aircraft currently in the fleet

ERJ 175 LR has a large first-class cabin, larger fuselage and larger overhead bins,
providing more cabin space per passenger than competing RJs
in United's standard two-class configuration (12 first / 64 premium and regular economy)

Overview:

Good
level
of
commonality
with
other
E-Jet
family
members -
76
passengers

16	
ERJ 175 LR Market	
19 customers with 375 firm orders	
1. Sources; United Airlines, Embraer as of December 31, 2013.	
ERJ 175 LR Orderbook	
(1)	
As of December 31, 2013	
Customer	
Firm Orders	
Delivered	
Firm Backlog	
Air Canada	
15	
15	
-	
Air Lease	
8	
8	
-	
Aldus	
5	
-	
5	
Alitalia	
2	

2
-
American Airlines
60
-
60
CIT
4
4
-
Delta Air Lines
36
36
-
ECC Leasing
1
1
-
Flybe
35
11
24
GECAS
5
5
-
Jetscape
4
4
-
LOT Polish
12
12
-
Oman Air
5
5
-
Republic Airlines
101
73
28
Royal Jordanian
2
2
-
Skywest
40
-
40

Suzuyo

5

4

1

Trip

5

5

-

United Airlines

30

-

30

Total

375

187

188

